

RECONCILIATION OF RETAILER CLAIMS, 2001

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Introduction

Public Utilities Code, Section 398.5(e) requires the California Energy Commission (Energy Commission) to prepare an annual report comparing the source of power that retailers have disclosed to consumers with the information that the Energy Commission has received about the actual energy generated for consumption in California. The activities carried out to meet this mandate are referred to as the “Power Source Disclosure Program.”

This *Reconciliation of Retailer Claims, 2001* report fulfills that mandate for calendar year 2001. After reviewing the available data, the Energy Commission staff concludes that retailers’ claims submitted to date are accurate.

Background

Senate Bill (SB) 1305 was enacted in 1997 to ensure that retail providers of electricity disclose to consumers “accurate, reliable, and simple to understand information on the sources of energy that are used to provide electric services”, (Public Utilities Code, Section 398.1(b)). Toward that end, the law requires retail providers of electricity to disclose fuel source information to consumers about the electricity being sold, using a format developed by the Energy Commission.

The law also allows the Energy Commission to obtain information from retail providers and from generators (directly or through system operators), permitting some verification of the information disclosed to consumers. Specifically, all retail providers of electricity who make claims differentiating their power mix from the California Power Mix (net system power), are required to submit detailed information about their power purchases and retail sales to the Energy Commission after the end of the year.

At the same time, the law requires all electricity generators that report meter data to a system operator to also report generation, fuel type, and fuel type consumed (as a percentage of generation) data to the system operator on a quarterly basis.¹ System operators must then make the generation and fuel source information available to the Energy Commission for the dual purposes of verifying information disclosed to consumers and calculating net system power (a default fuel source mix, established annually by the Energy Commission).

Using the detailed information from retail providers and generators, the Energy Commission then prepares and submits an annual report such as this one to the California Public Utilities Commission, comparing power source annual information disclosed to consumers (as directed in Public Utility Code, Section 398.4) with information on actual electricity generated in California.

¹ Generators that do not report information to system operators but whose electricity is being claimed as a specific purchase report these data directly to the Energy Commission.

Pursuant to SB 1305, the Energy Commission has implemented regulations specifying the following:

- 1) guidelines and formats for disclosure of generation-related information to system operators and the Energy Commission,
- 2) guidelines and formats for retail disclosure of fuel source information to consumers by retail providers, and
- 3) guidelines for annual submissions to the Energy Commission by retail providers.

These regulations governing the “Power Source Disclosure Program” first went into effect October 21, 1998 and were amended March 5, 2001. They are found in Title 20 of the California Code of Regulations, beginning with Section 1390.

The format adopted for retail electricity source disclosure to consumers is called the “power content label” and is pictured to the right. Using this label, consumers can

compare the power “content” — or resource mix — of a given electricity product against that of the California Power Mix (i.e., net system power). The California Power Mix, (CA Power Mix), is the power mix of electricity consumed on a statewide basis that is differentiated by fuel type after subtracting out power that has been specifically claimed by retail providers less self generation. Retail providers may use the California Power Mix as default and not make claims differentiating their power from the California Power Mix, or they may “claim specific purchases” which is their actual power mix differentiated by fuel type based on purchases from specific generating facilities. Retail providers that make any claims differentiating their power from the California Power Mix are required to disclose their actual power mix as well as the California Power Mix. As such, the power content label allows retail providers of electricity to distinguish their products from other electricity products in the market on the basis of relative mix of resource or fuel type.

POWER CONTENT LABEL		
ENERGY RESOURCES	PRODUCT NAME* (projected)	2001 CA POWER MIX** (for comparison)
Eligible Renewable	56%	12%
-Biomass & waste	-	3%
-Geothermal	-	5%
-Small hydroelectric	-	3%
-Solar	-	<1%
-Wind	-	1%
Coal	6%	11%
Large Hydroelectric	5%	10%
Natural Gas	25%	50%
Nuclear	8%	16%
Other	<1%	<1%
TOTAL	100%	100%
<p>* 50% of Product Name is specifically purchased from individual suppliers. ** Percentages are estimated annually by the California Energy Commission based on the electricity sold to California consumers during the previous year.</p> <p>For specific information about this electricity product, contact Company Name. For general information about the Power Content Label, contact the California Energy Commission at 1-800-555-7794 or www.energy.ca.gov/consumer.</p>		

By law, all retail providers must display a label in product-specific written promotional materials, must send their customers quarterly label updates, and provide them with an annual label that compares the actual annual resource mix with their projected annual mix. The annual label includes an explanation of variations greater than plus or minus 5 percentage points. Additionally, if a retail provider distinguishes its product from the California Power Mix, the company must submit detailed information about power purchases and sales to the Energy Commission. This submittal is called the *Annual Retail Provider Report*. The regulations require these retail providers to validate all power purchase and sales claims at the end of the year through an independent audit. The Energy Commission staff compares this information and historical generation data with the claims made via the Power Content Label. In this way, the Energy Commission is helping to ensure that consumers will have confidence in the accuracy of the Power Content Label.

Fourth Year Status

Annual Retail Provider Reports Received

The Energy Commission received *Annual Retail Provider Reports* from thirty-nine companies. Thirty-two were retail providers, and seven were wholesalers or pools from which thirteen of the thirty-two retail providers purchased power. The following is the list of all companies that submitted reports:

- 3Phases Energy Services
- ACN Energy
- AES New Energy
- Association of Bay Area Governments
- Clean Earth Energy
- Commonwealth Energy Corporation
- Enron Energy Marketing Corporation
- Enron Energy Services
- Green Mountain Energy
- New West Energy
- PowerCom Energy
- Seattle Light
- Sempra
- Tenderland Power Company
- United Energy Management
- Alameda Power Authority
- Anaheim Public Utility District
- City of Colton
- City of Gridley
- City of Healdsburg
- City of Lompoc
- Los Angeles Department of Water and Power

- Modesto Irrigation District
- Palo Alto Electric Utility
- City of Redding
- City of Riverside
- City of Roseville
- Sacramento Municipal Utility District
- Silicon Valley Power
- Surprise Valley Electrification Association
- Turlock Irrigation District
- City of Ukiah
- Automated Power Exchange
- Bonneville Power Authority
- CalPol
- Enron Power Marketing
- Northern California Power Authority
- Ontario Natural
- Viasyn, Inc.

These companies collectively claimed specific purchases from 212 different generating facilities. Ninety of the 212 facilities are “renewable” as defined by the legislation. Forty-three of the 90 renewable facilities claimed are “registered” renewable generating facilities for purposes of the Energy Commission’s Renewable Energy Program (Renewable Technology Program), though only 21 of these registered renewable facilities actually received funding through the program. Fifty-three of the 212 generating facilities were claimed by more than one retail provider.

Comparison of Retailer Claims		
	Number of Generators	
	<u>2000 Report</u>	<u>2001 Report</u>
Purchased from Generators	139	212
Generators claimed by more than one Retail Provider	57	53
Renewable Generator	71	90
Registered Renewable Generator	41	43
Registered Generator Receiving Funds	30	21

The most significant change in the retailer claims was the loss of eleven Electric Service Providers or Direct Access Providers and the addition of six publicly owned utilities. As a result of these changes, the total specific purchase claims increased from the previous year's total of 31,493 gigawatt-hours to 43,771 gigawatt-hours, and increase of 12,298 gigawatt-hours.

Generation Reports Received

In 2001, twenty-nine separate parties reported to the Energy Commission on the output of 554 generating facilities, accounting for 255,613 gigawatt-hours of electricity. The investor-owned utilities provide information on QF generation aggregated by fuel type. The Energy Commission also received net import flows across each of the interstate interties from the Los Angeles Department of Water and Power, Imperial Irrigation District, and the California Independent System Operator.

Availability of Generation Data

To prepare this report, it was necessary to gather calendar year 2001 generation data for all 212 generating facilities claimed by the 32 retail providers. For analyzing the year 2001 claims, the Energy Commission supplemented its SB 1305 generation reports with the data from the United States Energy Information Administration (EIA) and the Renewable Energy Program, as described below.

Data from the Energy Information Administration

Generating facilities with a capacity above one megawatt are required to submit generation data to the EIA using one or more various forms. The EIA has made data from some of the reporting forms publicly available on the Internet. In many cases, however, generation data are available only in aggregate and not on a plant-specific basis. The Energy Commission staff was able to obtain plant specific generation data from EIA on utility-owned generating facilities and some non-utility owned facilities. The availability of the EIA data is important to the development of this report because it provides primary data in some cases and it serves as a check for data provided as part of the Generation Data Reporting program and the Renewable Energy Program.

The Energy Commission with sister agencies in the state of Washington, and Oregon are participants in a Department of Energy Grant Program with the objective of developing an energy information/tracking system that ultimately would be applicable to the Western Electric Coordinating Council (WECC). The objective is to do preliminary work on the development of a web based system that would allow for tracking of energy transactions throughout the WECC. The initial database that uses EIA data sources had been developed and is in beta testing. This database was used to assist in the analysis needed to prepare this report.

Data from the Renewable Energy Program

Although many renewable generating facilities have “registered” with the Renewable Energy Program, not all are eligible to receive funding through either the “Existing” or “New” Renewable Resources Accounts. However, generating facilities that are registered and eligible for funding submit generation data to the Existing Renewable Account and the New Renewable Account. These two accounts have growing databases containing generation data for many of California’s renewable generating facilities. These data are useful in filling some of the gaps left by other data sources.

Reconciling Retail Providers' Claims

For calendar year 2001, the actual comparison of retail claims with generation data was more complicated than last year. The number of retail providers (including wholesalers and pools) went from 37 to 39 and the number of generators went from 139 to 212. There was also an increase in the claims of specific purchases. This growth created additional complexity and difficulty in checking retailer's claims. However, improvements in the Power Source Disclosure Program database and development of analysis tools offset the increased volume of data that needed to be analyzed. Retailers claimed specific purchases totaling about 43,771 gigawatt-hours from generators that produced in excess of 142,519 gigawatt-hours. The staff checked to ensure that retail claims for a given generator were less than or equal to the amount of generation reported by that generator. For purposes of the SB 1305 program, it is not necessary to determine the disposition of all the power generated by a given generating facility.

Retail Provider Claims		
	<u>2000 Report</u>	<u>2001 Report</u>
Specific Renewable Purchases (GWH)	3,880	3,755
Total Specific Purchases (GWH)	31,493	43,771
Reporting Retail Providers		
ESP	21	15
Municipal Utility	10	17
<u>Wholesaler/ Pool</u>	<u>6</u>	<u>7</u>
Total	37	39

For all generators for which the Energy Commission staff was able to obtain plant-specific data, the amount of generation exceeded the claims. Plant-specific generation data for several generating facilities could not be found from any of the data sources listed in the previous section, but affidavits or audits by third parties submitted under the Power Source Disclosure Program corroborated the claims made for those facilities. While affidavits or audits by third parties may not give the same level of assurance as meter data or data submitted to the EIA, the Energy Commission staff believes that this source is sufficient for the purposes of this report. The staff will continue to make efforts to close this data collection gap for next year's report.

Given the information available, all companies reporting to the Energy Commission appear to have purchased sufficient amounts of power of the specified fuel types to meet their claims to consumers. In fact, the companies purchased far more renewable power than was required. In these cases, retailer providers transferred the excess renewable power into their other products, thereby increasing the renewable mix of these other products.

Expectations for Next Year's Report

For the analysis of the year 2002 data, the Energy Commission anticipates having access to more complete data sets through filings with the Energy Commission and from the EIA. At the same time, the Energy Commission also anticipates a continued increase in the number of retail claims from municipal retail providers but a reduction in the number of traditional ESPs. Based on the increased number of municipal providers claiming specific purchases, it appears that many want to differentiate their product from the California mix (CA Power Mix). The decline in the number of ESPs is the result of the changes in the regulations governing the direct access market and the increasing uncertainty of cost to serving customers during 2001.

The Energy Commission completed rulemaking (OIR 00-SB-1305) last year which accomplished the following objectives:

1. Established a certificate program that would simplify the reporting and tracking of generation and the green attributes associated with the generation.
2. Specified an "Agreed Upon Procedure" in place of the required audit for verification of the *Annual Retail Provider Reports*. The "Agreed Upon Procedure" is less expensive and better suited to verifying the data submitted in the *Annual Retail Provider Reports*.
3. Implemented clarifying changes to the regulations, which will simplify the reporting for retail providers.

In addition to these changes, the rulemaking required all retail providers to file with the Energy Commission a copy of the quarterly labels they give their customers as well as the annual label. The Energy Commission Staff this year has contacted the electric service providers several time throughout 2001 and 2002 advising them of the changes in the regulations. It is anticipated that the next report will include an analysis of compliance of electric service providers in terms of the required submittal of quarterly and annual labels.

A significant number of changes were made to the *Annual Retail Provider Reports* after they had been submitted on time (March 1, 2002), and a number of reports were submitted late. These changes and late submissions created problems in determining the total amount of Specific Purchases used to calculate Net System Power, which must be reported by April 15 of each year. The staff will continue to take additional steps to provide retail providers we are aware of with software packages to assist in preparing the *Annual Retail Provider Report*. The staff will continue the high level of outreach to retail providers prior to the reporting date to assist in answering questions related to the reporting of specific purchases in the *Annual Retail Provider Reports*.